

## Message Text

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17

ACTION FEA-01

INFO OCT-01 NEA-09 ISO-00 AEC-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-05

SP-02 SS-15 STR-04 TRSE-00 FRB-01 /087 W

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R 100559Z FEB 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 162

UNCLAS TEHRAN 1275

E.O. 11652: N/A

TAGS: ENRG, IR

SUBJECT: NATIONAL OIL COMPANIES

REF: STATE 9029

1. REFINING AND DISTRIBUTION OF PETROLEUM AND PETROLEUM PRODUCTS IN IRAN IS A MONOPOLY OF THE NATIONAL IRANIAN OIL COMPANY (NIOC). THE CURRENT AUTHORITY FOR THIS MONOPOLY CONSISTS OF (A) THE PETROLEUM ACT, PASSED BY THE MAJLES (LOWER HOUSE) AND THE SENATE IN JULY 1974 AND RATIFIED BY THE SHAH ON AUGUST 6, 1974 (TRANSLATION SENT AS ENCLOSURE TO TEHRAN A-140 OF OCT 6, 1974) AND NIOC'S NEW STATUTES (TRANSLATION SENT AS ENCLOSURE TO TEHRAN A-143 OF OCT 14, 1974).

2. THE ONLY EXCEPTION TO THIS MONOPOLY IS REFINING AND MARKETING OF LUBRICANTS. THERE ARE AT PRESENT( IN ADDITION TO NIOC'S CAPACITY) TWO LUBE REFINERIES THAT ARE JOINT VENTURES BETWEEN MINORITY FOREIGN INVESTORS AND THE IRANIAN PRIVATE SECTOR. TOWLID ROWGHAN, IN WHICH EXXON HOLDS A MINORITY SHARE, REFINES AND MARKETS ESSO BRAND LUBRICANTS AND PARS OIL, IN WHICH SHELL OWNS A SHARE; REFINES AND MARKETS BOTH UNDER ITS OWN BRAND AND UNDER THE SHELL NAME. SMALL RE-REFINERS, WHO CLEAN UP USED LUBRICANTS, ALSO SUPPLY PART OF THE MARKET. ESSO'S ESTIMATES OF THE

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MARKET IN IRANIAN YEAR 1353 (3/21/74-3/20/75) ARE AS FOLLOWS:

COMPANY	THOUSAND BARRELS	PERCENT MARKET SHARE
NIOC	816	57.7
PARS - OWN BRAND	138	9.8
PARS - SHELL BRAND	97	6.9
RE-REFINERS	130	9.2
ESSO	232	16.4
TOTAL	1,413	100.0

3. MARKET SHARES ARE NOT SET BY STATUTE OR REGULATION. NIOC MAKES ITS OWN CAPACITY EXPANSION PLANS; NEW CAPACITY PLANS OF PRIVATE LUBE REFINERS MUST BE APPROVED BY NIOC AND BY THE MINISTRY OF INDUSTRY AND MINES (REREFINERS APPARENTLY EXCEPTED FROM THESE APPROVALS). THUS MARKET SHARES ARE ESTABLISHED BY A COMBINATION OF AVAILABLE CAPACITY (DETERMINED IN EFFECT BY THE GOI) AND MARKET FORCES, NIOC'S SHARE WILL GROW IN THE FUTURE DUE RECENT COMPLETION OF A 100,000 TON/YEAR NIOC LUBE REFINERY AND NIOC PLANS TO ENTER

A JOINT VENTURE WITH SHALL FOR A NEW LUBE REFINERY TO BE BUILT AT OR NEAR ABADAN. TOWLID ROWGHAN HAS RECEIVED REQUISITE APPROVALS FOR PLANS TO INCREASE ITS CAPACITY FROM 30,000 TO 50,000 TONS/YEAR, AND WE BELIEVE PARS OIL ALSO HAS EXPANSION PLANS. ESSO CONSERVATIVELY ESTIMATES LUBE MARKET GROWTH AT AROUND 15 PERCENT PER YEAR.

4. FIGURES ON DOMESTIC CONSUMPTION FOR FULL YEAR 1974 NOT YET AVAILABLE. AVERAGE CONSUMPTION FOR FIRST THREE QUARTERS OF 1974 WAS AROUND 282,250 B/O, AN INCREASE OF 16 PERCENT OVER THE SAME PERIOD OF 1973 (BASED ON NIOC SALES FIGURES).

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## Message Attributes

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